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1. Taxes. Industrial and convercial firms holdi	I	·.

- Taxes. Industrial and commercial firms holding business licenses are required to pay the industrial and commercial tax, the income tax, and the commodity tax. The industrial and commercial tax is levied in the following menner: the Administration of Industry and Commerce allocates to each category of business a certain quota of the tax for which it is responsible; then the officials of the Trade Association assign to each member the exact amount for which he is responsible. The income tax is levied at a flat rate of 15 percent on the income earned which is computed as the total value of cash assets and stock in a commercial or an influstrial concern (calculated at the prevailing market rate) minus cost. The commodity tax is payable when any product is shipped from the factory or when imported cargo reaches the consignee. The industrial and commercial tax and the income tax must be declared each month, although collections are made on a seasonal basis. Persons who do not hold business licenses are known as traveling merchants. They must register and provide guarantees for the issuance of traveling merchants! licenses and are required to pay a traveling merchants tax for each transaction which they conclude. This tax is computed at the rate of five percent of the selling price of the commodity.
- 2. Government Bonds. No new government bonds have been floated recently.
- 3. Cther Levies. Crdinarily levies include the real estate ownership levy, the house tax, the land levy, somitation charges, the entertainment levy (the minimum taxable amount is JMP 30,000), food levy (minimum taxable amount is JMP 10,000), license levy, and the stamp tax. All of these are imposed by express provisions of law. In addition, there are also contributions such as the Anti-America and Aid Korea contributions and investment in the Morth China and South China Investment Company. These contributions and investments are voluntary but in practice they can be raised only by compelling people to pay.
- h. <u>Customs</u>. Lethods employed for calculating customs duties are essentially the same as those used under the Kuomintang retire although tariff rates have been changed, i.e., higher rates are charged on important luxuries and lover rates on subplies needed in important industries. Exports are classified into three categories:

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- a. Controlled Imports. These are exercit from customs duties.
- b. The trib by Special Permission. These are handled by private business and and exercit from customs buties with the exception of bristles, on which a 32 percent thriff is charged.
- c. (ther composities not listed above may be exported under ordinary export Learnage and the customs duties thereon are levied according to the knort Customs Duties Regulations of 1934 (as revised September 1949). However, a decree of 28 June 1949 exempts all duties on exports.
- 5. Fort and Twort Trade. Before foreign exchange was frozen, all important correctives not produced in China were imported by exerment import trade gencies, but after foreign exchange was frozen, a large portion of these are been left for private importers to handle. The commodities include transportation and telecommunication sumplies, casoline, becomes, lubricating oil, sumplies required for reconstruction numbers, machinery, scientific instruments, clinical instruments, and medical sumplies. At present most of these items are smuraled into China from

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firms within China who handle imports from Turore, e.g., Belgium and Tast Germany, and South America. The government agency in charge of importement volicy is the Central People's Government Trade Administration. The China Supplies Company deals with the sale of imported commo lities, and the China Trust Company is responsible for arranging orders and making introductions.** The Government has not yet placed restrictions on persons engaged in importing and exporting but restrictions already placed on foreign exchange and the freezing of foreign exchange have made it very difficult for most importers and exporters.

- 6. Salary Scale. The salary of an ordinary apprentice administrative employee is 200 cattles of millet per month. A regular employee receives 300-600 cattles of millet, which is sufficient only to maintain a minimum standard of living for two persons. As a result the average public employee is quite perturbed. The salary of school teachers also begins at 300 cattles of millet but university professors receive much more and are the highese paid of the salaried class. Their maximum solary is 1200 cattles of millet. Workmen in government factories are the best mid. An ordinary worker receives 400-500 cattles of millet each month; a foreman receives as much as 600-700 cattles; and a technician may receive over 1000 cattles.
- 7. Composity Frices. Actual market prices are practically identical with those quoted in the local newspapers with the exception of the price of flour which increased a little about three months ago. The price of other composities has remained quite stable.
- 3. Purchasing Power. The purchy sing power of the public in general has been steadily declining and no market exists for commodities other than daily necessities. Business has been very dult. In the past two pears the Soviet personnel have purchased large quantities of goods, including furs. Duropean dresses and cameras, but their buying rush has stormed since the spring. The Russians are very particular about bargaining over prices and are not as generous as the Americans. They usually buy consumers goods. Clothing and furs compose their large to purchases, with cosmetics coming next. Very few of the Russians buy curios and art objects

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9. The Failan Pining Company In Parch 1050, after the Chinese Communists took over, there was a large-scale strile in the Pailan Pining Communist authorities punished all the ringleaders as traitors and increased the pay of all other workers. Things have been going smoothly ever since. The average miner receives three bags of flour, half a ton of coal, and 20 units of remmeration in hind said each month. Piners make up to a total of about JP 500,000. Skilled workers and engineers set even more than the average worker, but the salary of management personnel is not any higher than that of the miner. The mine costs about JP 50,000,000 (about HK 10,000,000) a month to operate. It has over 5,200 miners and over 1,000 management personnel. The output of the mine is sufficient to peet the demand in North China and the Northeast. There is also a surplus to be shipped to Japan to exchange for other composities.

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Comment: Up to now in Tientsin a great portion of the industrial and commercial tax was shouldered by the import and export trade. Now since these firms are joing practically no business at all, the authorities are trying to shift the burden to other business concerns. Consequently most of these firms find the selves hard hit because they bear a large share of taxes and cannot because of their stock on hand. The only exception is the trading in metal works and electrical supplies which deals with government authorities. These companies are able not only to keep on but also to make money.

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Convent: In Forch 1751
exports had not yet been placed under unified control. Covernmentoperated companies such as The Cil and Lard Company. The Bristles
Company. The Fur and Hide Company, The Figs Co., and the Native
Products Co. were all in operation.

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